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Japan's Growth Slows in Third Quarter

A steep drop in the growth of exports and a jump in the expansion of imports sharply cut Japan's third-quarter real gross national product (GNP) growth, and underscored the importance of exports despite an improving domestic situation. The Economic Planning Agency (EPA) stated, however, that the official growth estimate for fiscal 1984 (which ends March 30, 1985) would not be lowered, reflecting the view that the economy will pick up in the current quarter.

The breakdown by component of Japan's GNP (see accompanying table) reveals the severity of the pullback in exports -- the annualized rate of growth was cut by two-thirds -- as well as the jump in imports, which increased at almost triple the previous quarter's pace. As a result, the growth rate of

Japan's Real Gross National Product at Constant Prices (1975 Prices)

(in billions of yen, seasonally adjusted, quarterly totals and rates of growth at annual rates)

	FY 1982	FY 1983	October-December 1983	January-March 1984	April-June 1984	July-September 1984
Gross National Product	Y205,260.3 (3.3%)	Y212,784.9 (3.7%)	Y214,817.3 (5.7%)	Y217,927.5 (5.9%)	Y221,934.9 (7.6%)	Y223,570.1 (3.0%)
Personal Consumption Spending	108,092.5 (4.6%)	111,219.7 (2.9%)	111,886.4 (3.7%)	112,899.1 (3.7%)	113,323.8 (1.5%)	114,156.1 (3.0%)
Private Residential Construction	10,805.2 (1.3%)	10,016.6 (-7.6%)	10,105.7 (8.4%)	9,958.3 (-6.0%)	9,826.1 (-5.4%)	9,966.1 (5.8%)
Private Fixed Nonresidential Investment	35,208.3 (2.8%)	36,540.0 (3.8%)	37,638.3 (11.7%)	38,716.6 (12.0%)	39,678.7 (10.3%)	40,599.5 (9.6%)
Change in Business Inventories	1,237.9 (-30.4%)	704.0 (-43.1%)	1,374.1 (562.4%)	834.6 (-276.1%)	1,155.2 (267.0%)	1,479.3 (168.9%)
Government Current Expenditures	19,347.3 (2.0%)	19,951.4 (3.1%)	19,816.9 (-0.5%)	19,991.6 (3.6%)	20,152.2 (3.3%)	20,260.4 (2.2%)
Government Fixed Investment	18,470.2 (1.1%)	18,457.9 (-0.1%)	18,134.0 (-18.0%)	17,632.7 (-11.5%)	18,368.9 (17.8%)	18,504.7 (3.0%)
Change in Government Inventories	-371.2 (-136.3%)	-261.9 (-29.4%)	-432.9 (*)	-74.5 (*)	6.4 (*)	488.0 (*)
Net External Sector	12,470.2 (6.9%)	16,157.2 (29.6%)	16,294.8 (5.2%)	17,969.5 (47.9%)	19,423.6 (36.5%)	18,116.0 (-29.8%)
Exports of Goods and Services and Factor Income Received	40,282.6 (0.7%)	44,060.4 (9.4%)	45,140.9 (18.2%)	47,208.2 (19.6%)	49,462.1 (20.5%)	50,290.6 (6.9%)
Imports of Goods and Services and Factor Income Paid	27,812.4 (-1.9%)	27,903.2 (0.3%)	28,846.1 (26.5%)	29,238.7 (5.6%)	30,038.5 (11.4%)	32,174.6 (31.6%)

*Cannot be calculated or meaningless.

Source: Economic Planning Agency